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The Annual General Meeting of Shareholders will be held at the Head Office of the Company, 800 Victoria Square, Suite 3620, Montreal, Quebec at 11:00 A.M., March 29, 1973.

Si vous préférez recevoir votre rapport annuel en français, prière d'écrire au Secrétaire, Compagnie de Papier Rolland, Limitée, 800, Place Victoria, Suite 3620, Montréal 115, Québec.

45th annual report

Rolland Paper Company, Limited
Papermaking Specialists

Head Office:
800 Victoria Square, Suite 3620
Montreal 115, Quebec

Sales Offices:
Montreal and Toronto

Paper Mills:
St. Jerome and Mont Rolland, Quebec
and Scarborough, Ontario

directors

Hon. John B. Aird, Q.C.
Partner, Edison, Aird & Berlis,
Barristers and Solicitors
Toronto

*G. Drummond Birks, B.Comm.
President, Henry Birks
& Sons Limited
Montreal

Paul Chapdelaine, C.A.
Retired Executive
Montreal

E. Jacques Courtois, Q.C.
Partner, Laing, Weldon, Courtois,
Clarkson, Parsons, Gonthier & Tétrault,
Barristers and Solicitors
Montreal

Richard A. Irwin
Chairman of the Board
Consolidated-Bathurst, Limited
Montreal

Herménégilde A. LeBlanc, C.A.
Secretary, Rolland Paper Company,
Limited
Montreal

*Gérard Plourde, M.Comm.
Chairman of the Board, UAP Inc.
Montreal

*Albert Rolland
Vice-President and Marketing
Consultant
Rolland Paper Company, Limited
Laval

*Lucien G. Rolland, B.A., B.A.Sc., C.E.
President and General Manager
Rolland Paper Company, Limited
Montreal

Marc Rolland
Retired Executive
St. Jerome

Olivier Rolland
Retired Executive
Montreal

*Joseph A. Weldon, C.A., M.B.E.
Vice-President and Financial
Consultant
Rolland Paper Company, Limited
Montreal

*Member of the Executive Committee.

officers

Lucien G. Rolland
President and General Manager

Joseph A. Weldon
Vice-President and Financial
Consultant

Albert Rolland
Vice-President and Marketing
Consultant

Jean-Louis Chollet, Eng.
Executive Vice-President,
Book and Fine Papers Division

Hugh M. Craig, B.Sc., Ph.D.
Executive Vice-President,
Coated Papers Division

Bruno Julien, B.A., M.A., M.B.A.
Vice-President — Personnel

Alphonse St. Jacques, M.Comm., C.A.
Vice-President and Treasurer

Herménégilde A. LeBlanc
Secretary

Michel Gagnon, M.Comm., C.A.
Controller

Transfer Agents
Montreal Trust Company
Royal Trust Company

Registrars
Canadian Trust Company
Bankers Trust Company

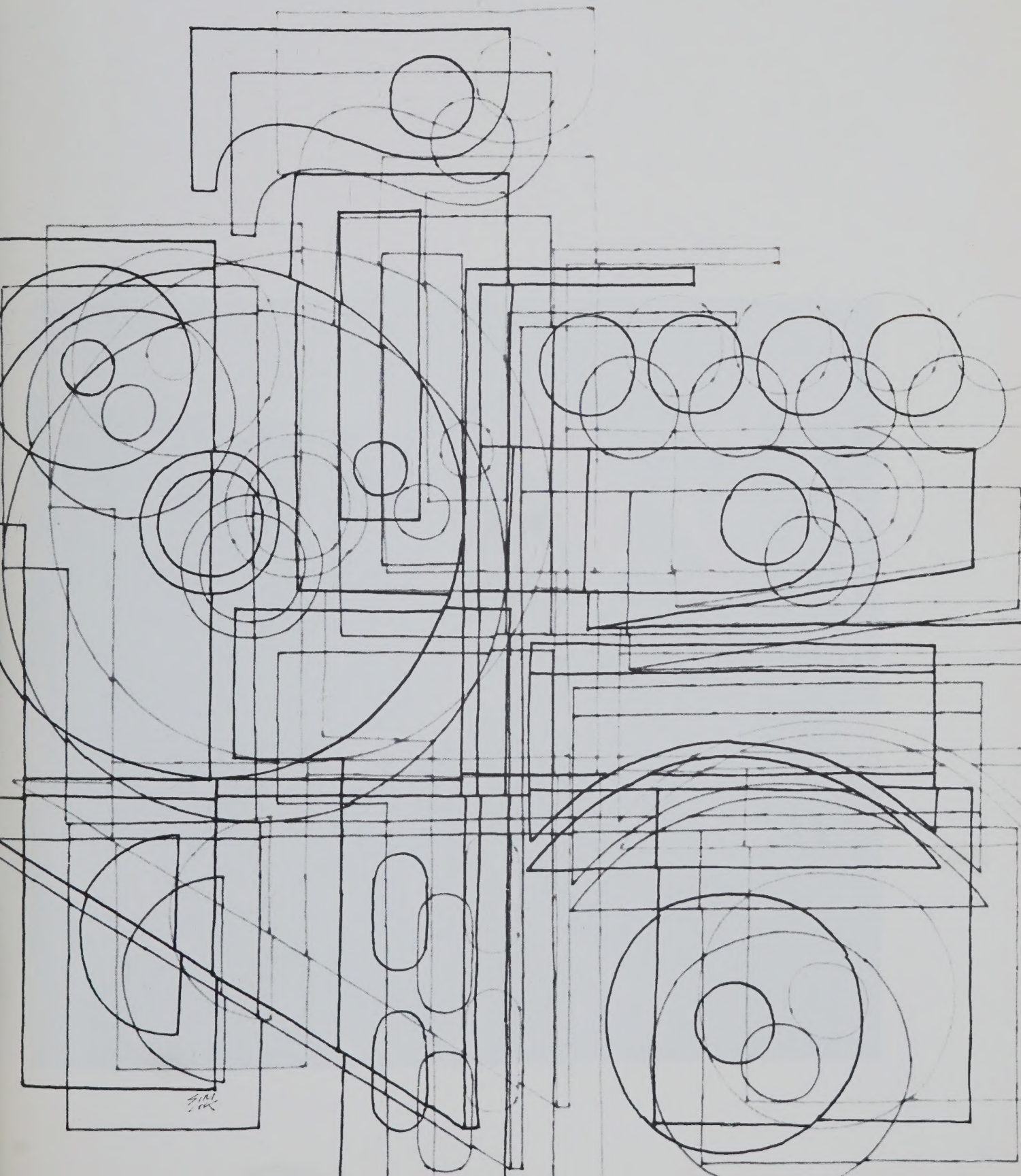
Shares Listing
Montreal Stock Exchange
Toronto Stock Exchange

Auditors
Touche, Ross & Co.

highlights

	1972	1971
Net sales	\$46,437,380	\$41,555,060
Net earnings	1,388,650	150,171
Per class "A" share	0.73	0.05
Per class "B" share	0.68	0.05
Dividends on class "A" and "B" shares	160,002	—
Per class "A" share	0.10	—
Per class "B" share	0.05	—
Cash Flow	2,555,419	1,088,887
Per class "A" share	1.37	0.56
Per class "B" share	1.32	0.56
Book Value per class "A" and "B" shares	9.53	8.90
Working Capital	9,649,119	8,385,167
Long-term Debt	7,393,000	7,900,500
Capital Expenditures	635,950	297,388

directors' report to the shareholders





directors' report to the shareholders

Sales and Earnings

Consolidated net sales of \$46.4 million were substantially up from \$41.6 million in 1971 and reached a new record level in the Company's history. The 11.5% increase in sales revenue was mostly due to a sizeable increase in our shipments to the domestic market and was in line with the experience of other Canadian fine paper mills.

Consolidated net earnings of \$1,389,000 for the year 1972 showed a considerable improvement over earnings of \$150,000 last year. They represented \$0.73 per class "A" share and \$0.68 per class "B" share, compared with \$0.05 per class "A" and "B" shares in 1971.

Economic Environment

1972 has been an encouraging year. The Canadian economy recovered from its depressed state of the preceding two years, allowing for a stronger demand for Canadian fine papers and more stable market conditions.

The fine paper industry, much like the rest of the pulp & paper industry, is cyclical and demand for its products varies with the economic environment. A buoyant economy generates more disposable income, heavier consumer spending and a stronger demand for

advertising and printing materials.

Throughout 1972, consumption of writing and printing papers, including such converting grades as envelope and register papers, grew 11%.

It is only towards the end of the year that the stronger demand in the domestic as well as in the American fine paper markets resulted in a more stable price situation.

During 1970 and 1971 Canadian fine paper manufacturers were faced with a large inflow of American products. Some of these were available at prices substantially below those of Canadian mills, resulting in a disruption of the domestic price structure and severe price competition.

This situation had arisen following a weakening of the North American demand for fine papers and an excess capacity of American mills at a time when the Canadian market was static. In 1969, the Canadian government had fully implemented the 44% tariff reductions agreed to under the General Agreement on Tariffs and Trade, and unpegged the Canadian Dollar in 1970, making our market more accessible to foreign manufacturers.

The recovery of the American economy in 1972 generated a stronger demand within the United States and reduced the availability of products for export to the Canadian market. Furthermore, longer delivery dates, together with higher American prices and the near parity between the currencies of both countries, all contributed to make American manufactured goods less attractive at this particular time in Canada.

These developments occurred gradually throughout 1972 benefiting all of our divisions, especially during the last quarter.

Book and Fine Papers Division

This division made a strong recovery. Following a general improvement and a higher penetration of the Ontario market, domestic sales increased by 13%. The marketing team was strengthened; new grades were introduced to broaden its product line in offset papers and selective price increases were announced. Its involvement in the U.S. market was reduced by 50%.

New contracts were negotiated with our pulp suppliers and important savings over the prices paid in 1971 were effected. Higher productivity was achieved through improvements to our Nos. 7 and 8 paper machines and an extension of our on-line control systems through the use of the process computer. Furthermore, we benefited from the aggressive cost reduction programme effected in 1971 and 1972. The mills in St. Jerome and Mont Rolland, however, only operated at an average of 78.3% of capacity. These factors were responsible for a return on capital employed which, although still unsatisfactory, far exceeded that of the two previous years.

Coated Papers Division

Improvements in manufacturing, warehousing and marketing accounted for a turnaround in this division.

Pursuant to the reorganization of the Company in January 1972, a separate sales force was established for the marketing of coated products. This approach generated moves to improve the grade mix and increased the sale of more profitable grades. New products were launched and old ones modified to make our Imperial Offset the first complete line of No. 1 coated products in Canada. New inventory

management procedures and a reorganization of our warehouse facilities contributed to an improvement in service to our customers. Programmes to increase productivity and improve production flow were implemented.

Wholesale Distributors Division

This division operates two Companies: Fine Papers, Limited and The Wilson-Munroe Company Limited in Toronto, Montreal and Sudbury. It specializes in the distribution of fine paper and related products. The overall performance for 1972 was good. Their sales increased at a rate which improved their market share.

Fine Papers, Limited is now a profitable operation and provides tax savings resulting from a loss carry-forward.

Financial

During the past year, a combination of higher earnings and continued restraint in cash outlays for capital expenditures and dividend disbursements greatly enhanced the financial position of the Company, which had deteriorated in the two previous years.

The cash flow of \$2,555,000 was \$1,467,000 higher than in 1971 and represented \$1.37 per class "A" share mainly as a result of the improvement in net earnings. It enabled us to add \$1,264,000 to working capital which stood at \$9,649,000 at December 31, 1972. Short-term investment increased by \$906,000 to \$1,106,000 while accounts receivable and accounts payable increased appreciably with the larger volume of sales in 1972.

During the recession years of 1970 and 1971, capital expenditures were drastically reduced. During 1972, the net amount spent on capital improvements was \$564,000, compared with \$270,000 in 1971.

An amount of \$434,000 was disbursed to purchase, for cancellation, \$209,500 of the 4½ % Sinking Fund bonds and \$275,000 of the 5¾ % Sinking Fund debentures, at a saving of \$51,000. At December 31, 1972, our long-term debt stood at \$7,393,000.

Our investment in 125,000 shares of Consolidated-Bathurst Limited produced no income in 1972, but since last year, prospects of this company are brighter. After substantial write-offs, the profits for 1972 showed a marked improvement. Dividends on the preferred shares have been resumed and a reduction of arrears on these dividends has been initiated.

The market value of this investment has more than doubled during the year and stood at \$2.1 million at December 31st. While this is considerably lower than the purchase price of \$5.9 million, no provision has been taken in our financial statements to cover the difference between the purchase price and the market value. Although nothing precludes the Company from disposing of this asset, it has not been regarded as a short-term investment and accordingly was never included in current assets.

Your Company's overall return on capital employed, defined as the sum of working capital, investment and net fixed assets, was 4.7% in 1972. This rate of return is much improved when compared to the two previous years, but it is still well below the 9% level reached in the early sixties. Therefore, the increased earnings in 1972 do not mean full financial recovery and satisfactory levels of profitability.

Dividends

Payment of dividends on our common shares, omitted since the previous payment on September 1, 1970, was resumed in 1972 with payments of interim dividends of \$0.05 per class "A" shares on August 15th and December 15th, and of \$0.05 per class "B" shares on December 15th. Total common and preferred dividend disbursements amounted to \$220,000 in 1972. Rates of dividends will be reviewed from time to time in the light of the progress in our profit recovery. The payment of reasonable dividends to our shareholders is considered very important. However, the resources necessary to a steady expansion of our operations and of our earnings must be retained in the Company.

Personnel

This past year was the first under the new corporate structure which recognized our coated papers division, our book and fine papers operation and our distribution companies as three independent profit centres. Such an approach provided your Company with a much better control of its investments through a close coordination of marketing and production. It also favoured long-term programmes, research and product development and manpower planning. The personnel of each of these divisions, with the support of the head office group, tackled their new objectives with initiative and efficiency.

A new labour agreement with the employees of our book and fine papers division was negotiated for a two-year period ending April 30, 1974. This met the needs of the Company for a longer contract than the rest of the fine paper industry and reflected the fact that our employees and their representatives were fully aware of this necessity.

An unresolved problem is that the wage rates and fringe benefits paid in the Canadian fine paper industry are materially higher than those paid for corresponding jobs in the U.S. fine paper mills. This seriously restricts our ability to compete with

American producers in our own market as well as in the U.S.A., and our ability to reinvest larger amounts in the business.

At date of writing, negotiations with the hourly-paid employees of our coated papers division are in progress. Everything is being done so that a new satisfactory collective agreement will be signed shortly.

Environment

Pollution abatement continued to be one of our prime concerns. Since 1968, your Company has been actively involved in a programme of effluent control at our St. Jerome and Mont Rolland mills. Substantial improvements have been achieved. The amount of suspended solids in our waste water now stands at 1.8% of production for our St. Jerome operations and 1.6% for Mont Rolland, as against the 2% standard established by the Quebec Water Board. This is but a first step in our programme. In anticipation of more stringent standards, we are now considering further treatment systems to reduce the amount of suspended solids. Estimated costs are \$1.2 million which will bring our total investments to reduce pollution to more than \$1.7 million.

Such investments for pollution control will represent increased operating charges for your Company of more than \$135,000 per year. These are required at a time when vital expenditures must be incurred to assure our competitiveness and profitability within the new situation brought about by the 1969 tariff reductions. In assessing these additional operating expenses, it must be remembered that the unsatisfactory profit experience of the past two years made it impossible to justify the financing of new projects.

This underlines the need for more comprehensive fiscal and financial aid programmes to help companies achieve the desired standards. In this respect, the industry has made recommendations to the Government in order to permit an increased capital cost allowance for capital expenditures on pollution abatement. The time schedule defined by governments to attain new standards is also of prime importance.

Outlook

Economic expansion is expected to continue in 1973. The prospects are for a buoyant level of retail sales, a reduction in personal income tax and sustained real growth. All these factors have a direct positive correlation on the increased consumption levels of fine and printing papers. Industry sales should reflect this growth and our mills should operate at higher levels of capacity. In view of the depressed conditions of past years, very few new installations have been planned and operating ratios should improve over the next two years. The possible reduction of the tax rate for Canadian manufacturing companies should contribute to improve the competitiveness of Canadian manufacturers. However, the Federal Government's plan to stimulate employment through tax reductions on personal income, and increased spending could bring a resurgence of inflationary pressures which might upset this bright outlook. Cost increases could outpace our productivity and our ability to secure prices for our products which would reflect past and future cost increases. A final but most important factor will be the policies adopted by the Federal authorities vis-à-vis our industry.

The relationship between the Canadian and the American fine paper markets remains a source of concern for the long-term profitability of our industry. This problem having been reported and discussed at length on several occasions, it will suffice to underline that Canadian manufacturers remain at a disadvantage with their American competitors whether in the domestic or in the American market.

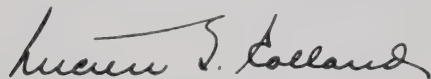
Canadian production costs are proportionately higher because of higher wages and shorter runs than those in corresponding American fine paper mills. The American manufacturers enjoy much more effective protection against imports; they benefit from special export arrangements such as D.I.S.C. and their overall tax rate is lower than the Canadian rate.

It is urgent that we protect more adequately the domestic Canadian fine paper industry whether it be against imports of basic fine paper or, especially, of printed material, while maintaining export opportunities. American authorities are definitely taking a more rigid stand vis-à-vis Canadian fine paper imports.

All employees worked in an exceptional fashion throughout the year. Your Directors wish to underline their record of accomplishment and to thank them sincerely for the role they played in moving from the problems of the last two years to the healthier position of 1972.

1972 has marked the 90th anniversary of this Company and its predecessor in the production and marketing of fine papers in Canada. Such a long experience has taught us that only the best is good enough for our customers, our suppliers, our employees and all those who come in contact with our organization. It is with that spirit that we are continuing to tackle the interesting challenges in our future.

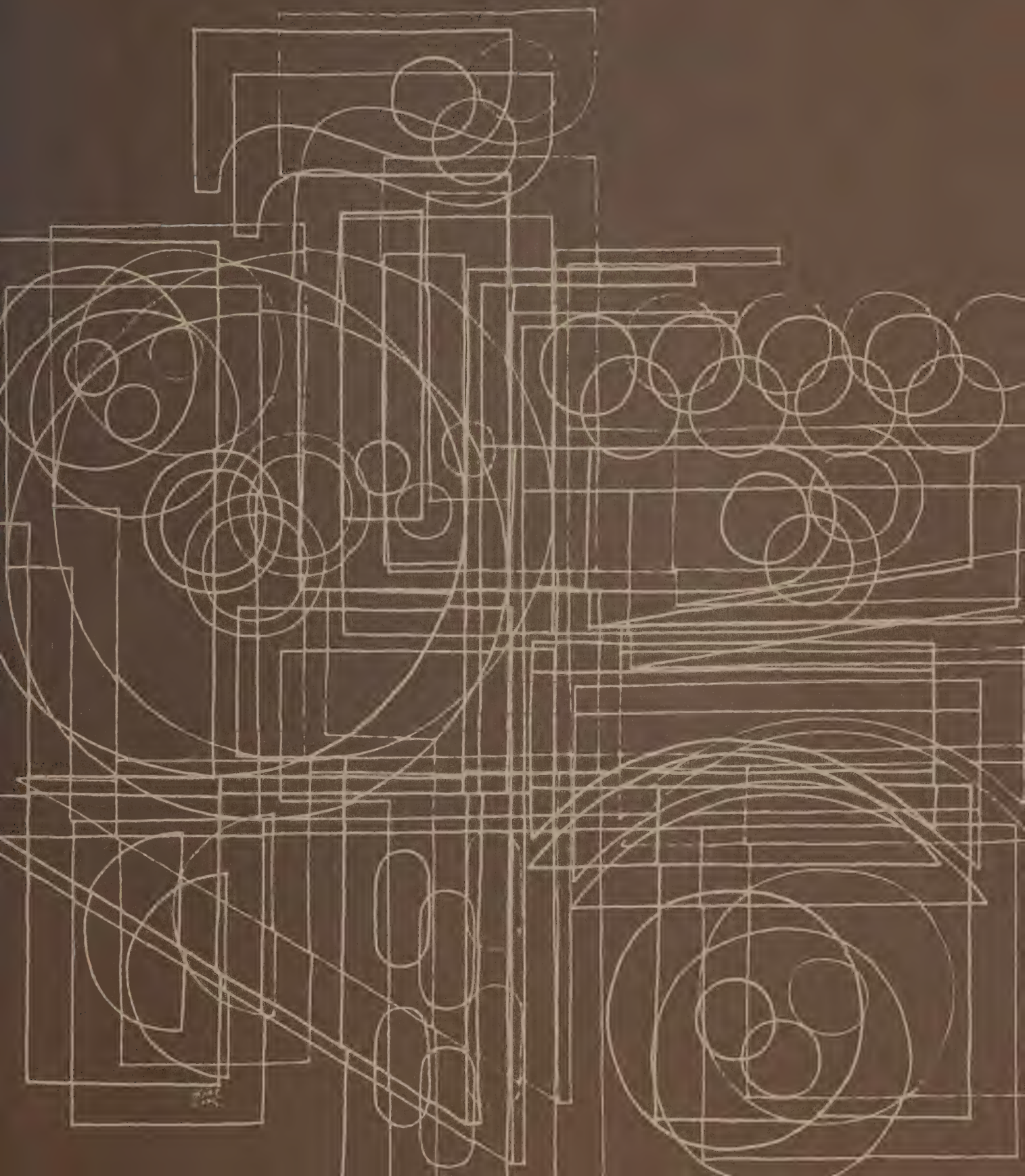
On behalf of the Board of Directors,

A handwritten signature in dark ink, appearing to read 'Lucien G. Rolland', written in a cursive style.

Lucien G. Rolland,
President and General Manager

Montreal, January 31, 1973

financial statements rolland 72



rolland paper company, limited

Statement of Consolidated Income and Expense

	Year ended December 31	
	1972	1971
Net Sales	\$46,437,380	\$41,555,060
Cost of sales	37,728,997	35,787,099
Gross profit	8,708,383	5,767,961
Selling and administrative expenses	4,647,102	3,941,339
Depreciation	1,313,141	1,292,146
Bond interest	435,905	458,691
	6,396,148	5,692,176
	2,312,235	75,785
Interest and other income	170,571	194,380
Earnings before income taxes	2,482,806	270,165
Income taxes	1,094,156	119,994
Net earnings for the year	\$ 1,388,650	\$ 150,171
Net earnings per share — Note 9		
Per Class "A" share	\$ 0.73	\$ 0.05
Per Class "B" share	0.68	0.05

rolland paper company, limited

Statement of Consolidated Source and Application of Funds

	Year ended December 31	
	1972	1971
Source of Funds		
Cash flow from operations		
Net earnings	\$ 1,388,650	\$ 150,171
Depreciation	1,313,141	1,292,146
Deferred income taxes	(146,372)	(353,430)
	<u>\$ 2,555,419</u>	<u>\$ 1,088,887</u>
Application of Funds		
Capital expenditures — net	\$ 563,530	\$ 270,267
Long-term debt reduction	507,500	124,000
Dividends	220,437	60,435
	<u>1,291,467</u>	<u>454,702</u>
Increase in Working Capital	<u>1,263,952</u>	<u>634,185</u>
	<u>\$ 2,555,419</u>	<u>\$ 1,088,887</u>
Working Capital	<u>\$ 9,649,119</u>	<u>\$ 8,385,167</u>

rolland paper company, limited

Consolidated Balance Sheet

assets

	At December 31	
	1972	1971
Current		
Cash	\$ 175,009	\$ 241,048
Short-term investments at cost, which is equivalent to market value	1,106,267	200,022
Accounts receivable	6,250,337	4,994,638
Inventories — Note 2	6,986,375	6,716,093
Prepaid expenses	167,854	157,619
	<u>14,685,842</u>	<u>12,309,420</u>
Investment at Cost — Note 3	<u>5,862,651</u>	<u>5,862,651</u>
Fixed		
Property, plant and equipment — Note 4	<u>14,008,831</u>	<u>14,758,442</u>
Excess of consideration for acquisition of shares of subsidiaries over their book value	<u>588,647</u>	<u>588,647</u>
	<u><u>\$35,145,971</u></u>	<u><u>\$33,519,160</u></u>

On behalf of the Board:
Lucien G. Rolland, Director
J. A. Weldon, Director

liabilities

	At December 31	
	1972	1971
Current		
Bank indebtedness, secured	\$ 403,918	\$ 433,206
Accounts payable and accrued liabilities	3,919,146	3,105,601
Income taxes payable	690,659	385,446
Long-term debt instalment due within one year	23,000	—
	<u>5,036,723</u>	<u>3,924,253</u>
Long-Term Debt — Note 5	7,393,000	7,900,500
Deferred Income Taxes	3,696,119	3,842,491
Shareholders' Equity		
Capital — Note 6		
Authorized		
24,800 Preferred shares of \$100 each issuable in one or more series		
2,400,000 Class "A" and 800,000 Class "B" shares without nominal or par value		
Issued		
14,220 4¼ % Cumulative redeemable preferred shares	\$ 1,422,000	
1,360,016 Class "A" and		
480,008 Class "B" shares	<u>7,162,683</u>	
	<u>8,584,683</u>	
Retained Earnings — For use in the business — Note 7	10,435,446	19,020,129
	<u>\$35,145,971</u>	<u>\$33,519,160</u>

rolland paper company, limited

Statement of Consolidated Retained Earnings

	Year ended December 31	
	1972	1971
Retained Earnings at Beginning of Year	\$ 9,267,233	\$ 9,177,497
Net earnings for the year	<u>1,388,650</u>	<u>150,171</u>
	<u>10,655,883</u>	<u>9,327,668</u>
Dividends		
Preferred shares	60,435	60,435
Class "A" shares	136,002	—
Class "B" shares	<u>24,000</u>	<u>—</u>
	<u>220,437</u>	<u>60,435</u>
Retained Earnings at End of Year	<u>\$10,435,446</u>	<u>\$ 9,267,233</u>

rolland paper company, limited

Notes to Consolidated Financial Statements, December 31, 1972

note 1 Principles of Consolidation

The consolidated financial statements include the accounts of Rolland Paper Company, Limited and its wholly owned subsidiaries, Canada Glazed Papers Limited, Fine Papers, Limited and The Wilson-Munroe Company Limited. The 1971 comparative figures in the Consolidated statement of income and expense were reclassified to conform with the 1972 presentation.

note 2 Inventories, at the lower of cost and net realizable value

	1972	1971
Finished paper and paper in process	\$ 4,997,437	\$ 4,516,047
Raw materials, wires, felts and supplies	1,467,527	1,731,141
Repair parts and maintenance materials	521,411	468,905
	<u>\$ 6,986,375</u>	<u>\$ 6,716,093</u>

note 3 Investment at Cost

This investment consisting of 125,000 common shares of Consolidated-Bathurst Limited is not considered by the Company to be of a current nature. Market quotations of \$16.75 per share at December 31, 1972 and of \$7.875 at December 31, 1971 indicated values at those dates of \$2,093,750 and \$984,375.

note 4 Property, Plant and Equipment

	Cost	Accumulated Depreciation	Net 1972	Net 1971
Machinery and equipment	\$25,444,048	\$15,606,894	\$ 9,837,154	\$10,400,848
Buildings	6,563,607	3,194,441	3,369,166	3,520,318
Leasehold improvements	252,168	154,262	97,906	105,321
Water power	300,000	15,000	285,000	300,000
Land	419,605	—	419,605	431,955
	<u>\$32,979,428</u>	<u>\$18,970,597</u>	<u>\$14,008,831</u>	<u>\$14,758,442</u>

Depreciation is provided using the straight-line method in the manufacturing companies and the diminishing balance method in the wholesale distributor companies.

note 5 Long-Term Debt

Rolland Paper Company, Limited		1972	1971		
First Mortgage Bonds					
4½ % Sinking Fund Bonds due January 2, 1975	\$ 4,000,000				
Deduct					
Bonds redeemed and cancelled including \$507,000 in anticipation of future Sinking Fund Requirements.	<u>3,507,000</u>	\$ 493,000	\$ 702,500		
Sinking Fund Debentures					
5¾ % due July 2, 1984	7,500,000				
Deduct					
Debentures redeemed and cancelled including \$277,000 in anticipation of future Sinking Fund Requirements	<u>577,000</u>	<u>6,923,000</u>	<u>7,198,000</u>		
		7,416,000	7,900,500		
Deduct					
Instalment due within one year included in current liabilities		<u>23,000</u>	<u>—</u>		
		<u>\$ 7,393,000</u>	<u>\$ 7,900,500</u>		
Future Sinking Fund Requirements	1973	1974	1975	After 1975	Total
4½ % First Mortgage Bonds	\$ —	\$ 294,500	\$ 198,500	\$ —	\$ 493,000
5¾ % Sinking Fund Debentures	<u>23,000</u>	<u>300,000</u>	<u>300,000</u>	<u>6,300,000</u>	<u>6,923,000</u>
	<u>\$ 23,000</u>	<u>\$ 594,500</u>	<u>\$ 498,500</u>	<u>\$ 6,300,000</u>	<u>\$ 7,416,000</u>

The declaration of dividends and the redemption of preferred shares of Rolland Paper Company, Limited are restricted if such declaration or redemption result in a reduction of the working capital of the Company to an amount less than \$2,000,000.

note 6 Capital

The preferred shares of the 4¼ % series are redeemable at \$104 per share and are non-voting unless four quarterly dividends are in arrears. Class "A" shares are non-voting unless the Company shall fail, for a period of two consecutive years, to pay any dividend on such shares.

Class "A" shares are entitled to a non-cumulative dividend at the rate of 10 cents per share per annum before payment of any dividend on Class "B" shares. If in any fiscal year dividends at the rate of 5 cents per share per annum are paid on Class "B" shares, any further distribution in respect of that fiscal year shall be made equally, share for share, upon all outstanding Class "A" and Class "B" shares.

note 7 Retained Earnings

An amount of \$258,000 of retained earnings is restricted under Section 62 of the Canada Corporations Act as a result of the redemption of 2,580 preferred shares in past years.

note 8 Directors' and Officers' Remuneration

Aggregate remuneration to persons who served as Directors and as Officers of Rolland Paper Company, Limited at any time during the year was as follows:

Remuneration paid by:	1972		1971	
	12 Directors/9 Officers		12 Directors/9 Officers	
Rolland Paper Company, Limited	\$ 32,100	\$ 258,800	\$ 30,800	\$ 222,700
Subsidiary Company				
Canada Glazed Papers Limited	2,200	—	2,700	—
	<u>\$ 34,300</u>	<u>\$ 258,800</u>	<u>\$ 33,500</u>	<u>\$ 222,700</u>

Four Officers were also Directors of the Company in 1972 and 1971.

note 9 Net Earnings per Share

The net earnings per share in 1972 was calculated after taking into account the differential in the dividends paid during the year to the Class "A" and Class "B" shares. No dividends were paid on these shares in 1971.

note 10 Long-Term Leases

The Company's commitments under lease agreements of various terms for property and equipment aggregate \$2,288,000 at December 31, 1972. The annual rentals in 1973 under these leases will be \$420,000.

ten-year comparative statistics

	1972
Sales and Earnings	
Net sales	\$46,437,380
Dividend income	—
Depreciation	1,313,141
Bond interest	435,905
Earnings (loss) before income taxes	2,482,806
Income taxes	1,094,156
Net earnings (loss)	1,388,650
Cash flow	2,555,419
Percentage of net earnings (loss) to net sales	3.0%
Percentage of net earnings (loss) to capital employed	4.6%
Distribution of Earnings	
Dividend on preferred shares	\$ 60,435
Dividend on class "A" and "B" shares	160,002
Retained in the business	1,168,213
Per Share*	
Net earnings (loss) per class "A" share	\$ 0.73
Dividend per class "A" share	0.10
Cash flow per class "A" share	1.37
Book value per class "A" and "B" shares	9.53
Financial	
Net assets:	
Working capital	\$ 9,649,119
Investment in securities	5,862,651
Fixed assets, net	14,008,831
Other assets	588,647
Capital employed	<u>30,109,248</u>
Financed by:	
Long-term debt	7,393,000
Deferred income taxes	3,696,119
Preferred shareholders' equity	1,422,000
Class "A" and "B" shareholders' equity	17,598,129
Total capitalization	<u>30,109,248</u>
Ratio of current assets to current liabilities	2.9:1
Capital expenditures	\$ 635,950
Other Statistics	
Number of shareholders	2,256
Number of employees	1,294

NOTE:

Results of Canada Glazed Papers Limited are included from February 24, 1964, results of Fine Papers, Limited from January 1, 1970 and results of The Wilson-Munroe Company Limited from January 1, 1971.

1971	1970	1969	1968	1967	1966	1965	1964	1963
\$41,555,060	\$34,084,751	\$35,647,256	\$34,903,154	\$32,880,771	\$29,935,187	\$28,290,544	\$26,032,008	\$20,633,530
—	62,500	125,000	125,000	250,000	262,500	184,375	—	—
1,292,146	1,256,525	1,206,907	1,216,595	1,148,587	1,072,238	817,640	698,358	559,077
458,691	484,456	520,189	544,214	569,739	597,001	638,021	372,386	144,654
270,165	(746,285)	2,979,817	2,645,318	3,612,328	2,994,320	3,297,750	2,759,939	2,586,179
119,994	(324,414)	1,443,743	1,238,949	1,723,463	1,265,915	1,531,424	1,420,628	1,310,063
150,171	(421,871)	1,536,074	1,406,369	1,888,865	1,728,405	1,766,326	1,339,311	1,276,116
1,088,887	585,631	2,665,881	2,486,965	3,061,031	3,993,637	4,115,390	2,397,169	1,948,293
0.4%	(1.2%)	4.3%	4.0%	5.7%	5.8%	6.2%	5.1%	6.2%
0.5%	(1.4%)	4.8%	4.4%	5.9%	5.5%	5.8%	6.1%	9.7%
\$ 60,435	\$ 60,435	\$ 60,435	\$ 60,435	\$ 61,513	\$ 64,993	\$ 71,400	\$ 71,400	\$ 71,400
—	534,007	712,009	712,009	712,009	712,009	490,507	408,007	408,007
89,736	(1,016,313)	763,630	633,925	1,115,343	951,403	1,204,419	859,904	796,709
\$ 0.05	\$ (0.25)	\$ 0.82	\$ 0.74	\$ 1.01	\$ 0.92	\$ 1.00	\$ 0.90	\$ 0.85
—	0.30	0.40	0.40	0.40	0.40	0.30	0.30	0.30
0.56	0.30	1.43	1.33	1.64	2.15	2.36	1.63	1.32
8.90	8.85	9.40	8.99	8.64	8.03	8.02	4.69	5.06
\$ 8,385,167	\$ 7,750,985	\$ 9,901,323	\$ 9,734,780	\$ 9,680,578	\$ 9,522,411	\$ 8,408,378	\$ 5,542,112	\$ 5,066,795
5,862,651	5,862,651	5,862,651	5,862,651	5,862,651	5,862,651	5,862,651	—	—
14,758,442	15,780,321	15,934,251	16,176,079	16,136,194	15,651,253	15,500,429	11,211,744	8,128,535
588,647	588,647	257,315	—	88,662	118,848	490,308	5,153,000	—
29,594,907	29,982,604	31,955,540	31,773,510	31,768,085	31,155,163	30,261,766	21,906,856	13,195,330
7,900,500	8,024,500	8,751,000	9,255,500	9,748,000	10,217,000	11,267,000	11,879,500	3,077,000
3,842,491	4,195,921	4,426,044	4,503,144	4,639,144	4,615,565	3,422,571	1,522,231	1,117,600
1,422,000	1,422,000	1,422,000	1,422,000	1,422,000	1,479,000	1,680,000	1,680,000	1,680,000
16,429,916	16,340,183	17,356,496	16,592,866	15,958,941	14,843,598	13,892,195	6,825,125	7,320,730
29,594,907	29,982,604	31,955,540	31,773,510	31,768,085	31,155,163	30,261,766	21,906,856	13,195,330
3.1:1	2.3:1	3.5:1	4.2:1	2.9:1	3.7:1	3.6:1	2.3:1	2.9:1
\$ 297,388	\$ 693,710	\$ 841,311	\$ 1,261,104	\$ 1,639,203	\$ 1,215,420	\$ 5,154,185	\$ 3,011,934	\$ 591,885
2,320	2,377	2,330	2,330	2,343	2,491	2,518	2,331	1,889
1,285	1,289	1,288	1,325	1,308	1,260	1,163	1,121	877

* Net earnings, dividend and cash flow per class "B" share are 5 cents less than per class "A" share except in 1970 when the differential is 4 cents and in 1971 when there is no differential.

1965 per share calculated on average number of shares for the year.

auditors' report to the shareholders

The Shareholders,
Rolland Paper Company, Limited,
Montreal, Que.

We have examined the consolidated balance sheet of Rolland Paper Company, Limited and its subsidiaries as at December 31, 1972 and the consolidated statements of income and expense, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

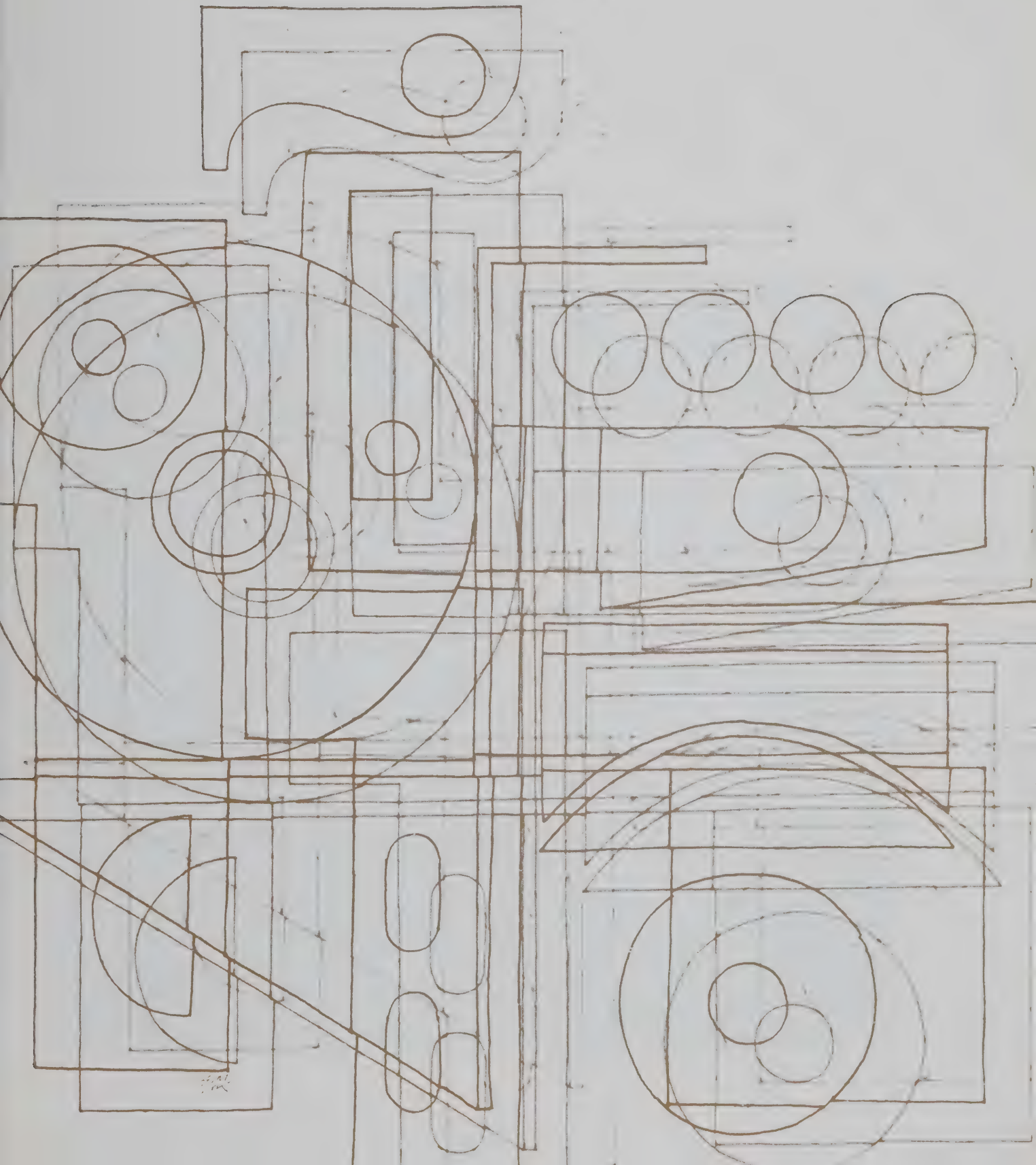
In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1972 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TOUCHE, ROSS & CO.
Chartered Accountants

Touche Ross & Co.

Montreal, Que.
January 29, 1973.

rolland and its products





its products

Paper is as old as civilization — as new as the latest product of 20th Century research. During this long span of years, thousands of products and commodities, once familiar and essential, have vanished — but paper remains, its demand increasing every year.



It is precisely this survival in the face of centuries of social and economic change that poses the greatest challenge to a fine paper manufacturer. It is easier, and more compelling, to respond to radical changes in technology than it is to sense the more subtle changes in customer requirements for a product that everyone takes for granted, and to react accordingly.

Rolland has met this challenge in two basic ways: by being in the forefront in the technology of production; and by ensuring, through research, that the products we manufacture are those that not only satisfy our customers' technical requirements, but meet, and even anticipate, changes in demand for specific grades of paper.

In 1968, Rolland installed the first on-line production control system by computer in the Canadian fine paper industry. This enabled us to turn out paper of uniform quality, with respect to such variables as thickness, weight and moisture content — problems which have long plagued the printer.

Backing up this technological leadership is strong emphasis on customer requirements, and sensitivity to shifts in the demand for various

grades of paper. Some of these changes are brought about by the printing industry itself, others by the influence of designers.

For example, in recent years, printers have swung over from letterpress to offset printing. Sensing this change, Rolland undertook a firm commitment providing products required for the offset process. This has found expression in a number of new brands — Rolland Offset, Rolland Opaque, New Imperial Offset Enamel and, most recently, Rolland Tints. In some instances, these brands were innovations in their field. The Rolland family of offset papers now satisfies the requirements of offset printing.

The recent introduction of Rolland Tints is an example of response to designer-initiated change. More and more, designers are turning to coloured stock as the nucleus of new, even startling, innovations in the graphic arts. To meet their needs, and to stay in the forefront of this expanding market, we introduced this wide new range of coloured offset papers.

But dedication to the offset market has in no way made us lose sight of the more specialized needs of groups of people within the total fine paper

market. Superfine Linen Record, our 100% rag content bond paper, is still unquestionably the finest letterhead paper on the Canadian market. Rockland Bond, the all-purpose sulphite bond, satisfies dozens of basic needs for business and industry. Dactypost, Canada's leading posting ledger paper, is an essential part of thousands of accounting systems. Zephyr Antique Book, makes for the restful reading of novels and textbooks. Duocoat Label identifies packages and containers of all kinds. There is also a wide variety of fancy-coated and specialty papers of many kinds — gift-wrap papers for special occasions and seasons, box-top papers for packaging merchandise, and a host of others.

These are just a few of the many brands that make up Rolland's full line of fine papers, coated and uncoated — our response to a demand which is over a thousand years old, and still growing. So long as the demand for paper endures, we will continue to meet its requirements. In fact, should paper ever be superseded by another substance, we will meet *that* demand, too — our real dedication is to serving the needs of the market.



their uses

A world without paper would be a world unable to function.

If the statement seems an exaggeration, consider *just* that situation. Paper has suddenly, inexplicably, vanished from the earth. No books to peruse for pleasure, or study for self-betterment. No letterhead for communication. No labels to identify products. No forms or cards to activate computers. Think of the computer in particular. Its technology is one of the most sophisticated ever devised by man; yet, deprived of paper, it would be virtually useless in its present form.

To appreciate the importance of paper in your day-to-day life, imagine yourself, for a moment, as head of a typical family going about its business on any typical day.

In the morning, your wife opens up a can of tomato juice, which is attractively identified by a colourful label printed on Ducoat. As she does so, she is conscious that she has opened the last can, and reaches for her shopping memo pad, printed on Rockland Bond.

Off to work — and you shove a novel, printed on Belvedere Opaque Litho, into your pocket for reading on the commuter train. Arrived at the office, you go through the morning mail, which includes several letters from customers; three letterheads are on Colonial Bond and one on Rolland Parchment. You dictate the replies, and your secretary types them on your company's letterhead, which is printed on Superfine Linen Record.

Turning to a pile of orders, detailed on inter-office forms printed on Rockland Bond, you pass them for processing through the accounting department, where they are machine posted on Dactypost. Later, at lunch, you choose from a menu printed on Rolland Offset.









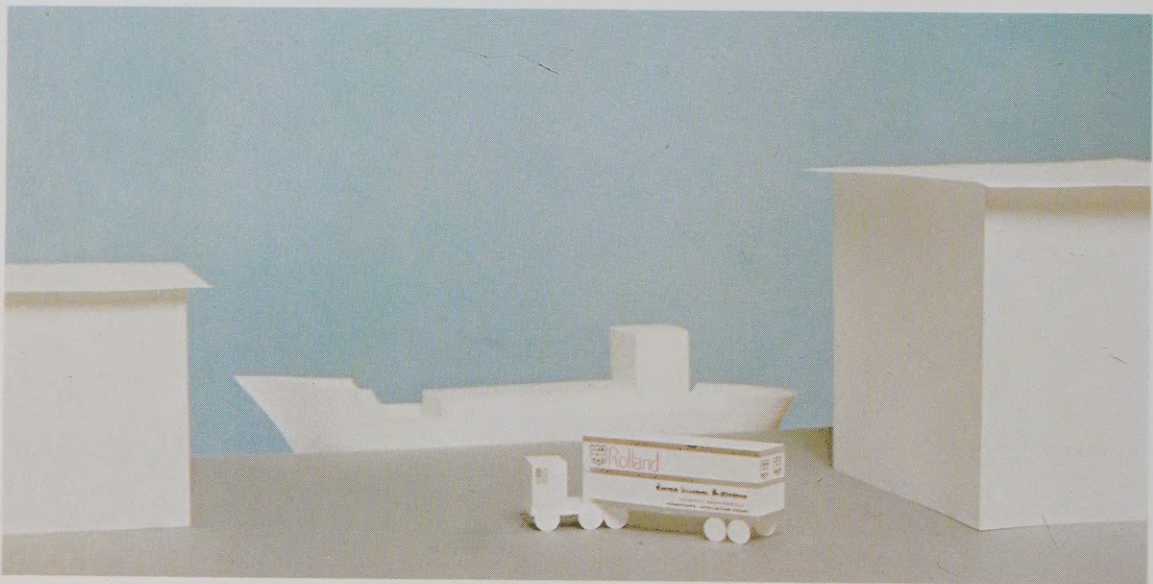
from one of the candidates for mayor in the next election, run off on an electrostatic copier, using Rolox copy paper.

In the evening, after dinner, you and your wife spend an hour poring over travel folders. You find it hard to make a choice — the full-colour pictures all look so inviting printed on Imperial Offset Enamel.

Before calling it a day, you get in another hour reading your pocket book, while your wife gets started on a new Canadian novel — a hard-back edition printed on Cashmere Book, borrowed from the local lending library.

During this single day, you and each member of your family were in direct or indirect contact with Rolland papers up to half a dozen times. Yet only your sons, because their jobs required it, were in any way conscious of that fact.

It is this ubiquity of our products, and the wide variety of essential functions they make possible while remaining anonymous, that makes our business such a satisfying one to be in. It is also — in a sense — a responsibility that we assumed when we first began making paper. Those who use our papers can, and do, take their quality for granted. We cannot — and never will.



The cover of the Report is printed on Imperial Litho, White, Basis 420M, and the inside sections, on Imperial Offset Enamel, White, Basis 160M and Rolland Tints, African Tan, Basis 140M.
